RECENT CASES.

AGENCY — PRINCIPAL'S LIABILITY TO THIRD PERSONS IN TORT — FRAUD: LIABILITY OF PRINCIPAL FOR FRAUD OF AGENT COMMITTED FOR BENEFIT OF AGENT. — The defendant's clerk, who conducted the defendant's conveyancing business without supervision, fraudulently induced the plaintiff to convey her property to him, and then disposed of the property for his own benefit. *Held*, that the defendant is liable. *Lloyd* v. *Grace, Smith, & Co.*, [1912] A. C. 716.

The House of Lords in this case overrules the former English doctrine that a principal is not liable for the fraud of an agent unless benefited by the fraud. *British Mutual Banking Co.* v. *Charnwood Forest Ry. Co.*, 18 Q. B. D. 714. See *Ruben* v. *Great Fingall Consolidated*, [1906] A. C. 439, 446; *Whitechurch* v. *Cavanagh*, [1902] A. C. 117, 141. The American cases make no such requirement. *Tome* v. *Parkersburg Branch R. Co.*, 39 Md. 36; *McCord* v. *Western Union Tel. Co.*, 39 Minn. 181. The principal's liability for contracts made by his agent has never been thus limited. *Hambro* v. *Burnand*, [1904] 2 K. B. 10; *North River Bank* v. *Aymar*, 3 Hill (N. Y.) 262. The principal case, in assimilating the fraud cases to the contract cases, correctly decides that the motive of the agent, which is material in creating other tort liability, has here no logical bearing. The fundamental question as to which of the two innocent parties should bear the loss should be resolved against the principal when the defrauded party has dealt with an agent, and his acts are of the very kind which he is employed to do.

BILLS AND NOTES — PAYMENT AND DISCHARGE — MAKER NOT DISCHARGED BY INDORSER'S PAYMENT TO INDORSEE. — The indorser of a note paid the full amount of the note to the indorsee. The latter retained possession of the instrument, and subsequently sued the maker. *Held*, that he can recover the full amount of the note. *Bierce* v. *State National Bank*, 127 Pac. 856 (Okla.).

The acceptor of a bill is not discharged by the drawer's payment to the indorsee. *Jones* v. *Broadhurst*, 9 C. B. 173; *Bank of Montreal* v. *Armour*, 9 U. C. C. P. 401. *Contra, Bacon* v. *Searle*, 1 H. Bl. 88. Most of the few cases where the instrument is a note properly follow the bill cases. *Madison Square Bank* v. *Pierce*, 137 N. Y. 444; *Bank of America* v. *Senior*, 11 R. I. 376. The drawer or indorser, upon payment to the indorsee, can obtain the instrument and hold the acceptor or maker on it, as such payment is not an extinguishment. *Callow* v. *Lawrence*, 3 Maule & S. 95; *Hartzell* v. *McClurg*, 54 Neb. 316, 74 N. W. 626. Therefore the indorsee, when he retains and sues on the instrument, is simply enforcing the drawer's or indorser's rights. Hence he holds the money recovered in trust for the drawer or indorser. See *Cook* v. *Lister*, 13 C. B. N. S. 543, 591; *Thornton* v. *Maynard*, L. R. 10 C. P. 695, 698. To cases where the person who pays the indorsee is an accommodated party this reasoning is of course inapplicable. See *Madison Square Bank* v. *Pierce*, *supra*, 450; *Cook* v. *Lister*, *supra*, 591.

CONFLICT OF LAWS — JURISDICTION FOR DIVORCE — DIVORCE DECREE AT MATRIMONIAL DOMICILE ENTITLED TO FULL FAITH AND CREDIT. — A wife deserted her husband in the state where they had a matrimonial domicile and went to another jurisdiction. The husband procured a divorce in the court of his state. Later the wife brought an action for divorce and alimony in the jurisdiction to which she had fled. In this action the husband pleaded the